



Palo Verde Nuclear
Generating Station

David Mauldin
Vice President
Nuclear Engineering
and Support

TEL (623) 393-5553
FAX (623) 393-6077

10 CFR 50.12

Mail Station 7605
P O Box 52034
Phoenix, AZ 85072-2034

102-04854 CDM/TNW/JAP
October 21, 2002

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Mail Station P1-37
Washington, DC 20555-0001

- Reference:
- 1) Letter 102-04540-CDM/SAB/JAP, dated March 2, 2001, "Lead Fuel Assembly – Exemption Request Extension," from D. Mauldin, APS to USNRC
 - 2) Letter 102-04611-CDM/TNW/JAP, dated September 25, 2001, "Lead Fuel Assembly – Inspection Results," from D. Mauldin, APS to USNRC
 - 3) Letter 102-04617-A-CDM/SAB/TNW, dated October 19, 2001, "Lead Fuel Assembly Exemption Request Clarification," from D. Mauldin, APS to USNRC

Subject: Palo Verde Nuclear Generating Station (PVNGS)
Unit 3
Docket No. STN 50-530
Lead Fuel Assembly – Unit 3, Cycle 9 Inspection Results

Dear Sirs:

In Reference 1, Arizona Public Service Company (APS) requested an exemption from the requirements of 10 CFR 50.44, 10 CFR 50.46 and 10 CFR 50, Appendix K, for PVNGS Unit 3. This exemption allowed continued use of a Lead Fuel Assembly (LFA) containing fuel rods fabricated with an advanced zirconium based cladding material. In Reference 2, APS committed to provide to the NRC examination results after the third and fourth cycles of operation of the Unit 3 LFA (P3J408). Additional clarifications of inspection specifics were provided in Reference 3.

Westinghouse Electric Company LLC performed the inspection after the third cycle of operation for this LFA and has completed the report documenting the inspection results. Enclosure 1 contains this inspection report, which is proprietary to Westinghouse Electric

A member of the **STARS** (Strategic Teaming and Resource Sharing) Alliance

Callaway • Comanche Peak • Diablo Canyon • Palo Verde • South Texas Project • Wolf Creek

AP01

Company LLC and for which an affidavit is provided. The affidavit contained in Enclosure 3 sets forth the basis on which the information may be withheld from public disclosure by the Commission and specifically addresses the considerations listed in 10 CFR 2.790(b)(1). Accordingly, it is requested that Enclosure 1 be withheld from public disclosure in accordance with 10 CFR 2.790(b)(1). A non-proprietary version of this inspection report is provided as Enclosure 2 for your use in docketing these inspection results.

As stated, APS committed (Reference 2) to provide the NRC with the Unit 3 LFA examination results after the fourth cycle of operation. Westinghouse Electric Company LLC has informed APS that the program for further developing the Alloy A material used in the Unit 3 LFA, is no longer being pursued. Instead, Westinghouse has decided to pursue the use of Low Tin ZIRLO material for additional corrosion margin for high duty performance. Due to this development, Westinghouse has determined that any remaining inspections of Unit 3's LFA (P3J408) are currently not needed for development of Alloy A material and not justified based on ALARA considerations. Therefore, APS is withdrawing its commitment to provide the NRC the inspection results for the LFA (P3J408) at the completion of Unit 3, Cycle 10.

No new commitments are being made to the NRC by this letter.

Should you have any questions, please contact Thomas N. Weber at (623) 393- 5764.

Sincerely,



CDM/TNW/JAP/kg

Enclosures:

1. Fuel Rod Cladding Development Program in Palo Verde Unit 3 – Proprietary version
2. Fuel Rod Cladding Development Program in Palo Verde Unit 3 – Non-Proprietary version
3. Westinghouse Electric Company LLC Proprietary Affidavit for Lead Fuel Assembly – Unit 3, Cycle 9 Inspection Results

cc: E. W. Merschoff
J. N. Donohew
N. L. Salgado

Enclosure 2

**Fuel Rod Cladding Development Program
in Palo Verde Unit 3:
Examination of Fuel Rods with Advanced Cladding
Materials at End-of Cycle 9
WCAP-15848-NP
(Non-Proprietary version)**